



Committed to the future of rural communities.

RURAL HOUSING PROGRAMS

COMMUNITY FACILITIES GRANT PROGRAM

Community Facilities (CF) grants can be used to assist poor rural areas and towns in developing essential public community facilities.

Authorizing Statute

Section 763 of Public Law 104-127 amended the Consolidated Farm and Rural Development Act (CONACT) to create the Community Facilities Grant program. The legislative language requires the use of grant funds on a graduated scale enabling rural communities with small populations and low-income levels to receive a greater percentage of grant funds.

Who Is Eligible?

Eligibility is limited to associations, nonprofit corporations, public bodies, and federally recognized Indian Tribes serving rural areas. Applicants must:

1. Be unable to obtain needed funds from commercial sources at reasonable rates and terms;
2. Have the legal authority necessary for construction, operation, and maintenance of the proposed facility;
3. Propose facilities that are necessary for orderly community development and consistent with the State's strategic plan;
4. Serve areas where the median household income of the population to be served by the proposed facility is below the higher of the poverty line or 90 percent of the State nonmetropolitan median household income; and
5. Demonstrate that the grant funds are needed for economic feasibility.

How May Funds Be Used?

Grant funds may be used to supplement financial assistance authorized in Rural Development (RD) Instruction 1942-A, "Community Facility Loans"; RD Instruction 1942-C, "Fire and Rescue Loans;" or RD Instruction 3575-A, "Community Programs Guaranteed Loans". Funding for the balance of the project may consist of other CF financial assistance (direct or

guaranteed loans), applicant contribution, or loans or grants from other sources. Typical facilities include:

- Health care - clinics, nursing homes, rehabilitation centers and ambulatory care centers.
- Telecommunications - medical, educational, or telecommunication links.
- Public Safety - communication centers, police or fire stations, fire trucks, jails and rescue vehicles.
- Public Services - child care centers, adult day care centers, airports, libraries, city halls and schools.

What Is The Maximum Grant?

Grant assistance may be available for up to 75 percent of project costs. A scale has been developed to predetermine grant funding limitations based on population and income. Grant assistance may be further limited to the minimum amount sufficient to provide economic feasibility to the proposed project.

What Are The Funding Priorities?

Projects will be selected based on a priority point system.

Projects that will receive priority are those that:

1. Serve small communities with the highest priority going to those with a population of 5,000 or less;
2. Serve very low income communities with the highest priority going to communities with a median household income below the higher of the poverty line or 60 percent of the nonmetropolitan median household income; and
3. Provide health care, public safety services or services identified as necessary in the State strategic plan.

Limitations On Grant Funds

Grant funds may not be used to:

1. Pay any annual recurring costs, including purchases or rentals that are generally considered to be operating and maintenance expenses;
2. Construct or repair electric generating plants, electric transmission lines, or gas distribution lines to provide services for commercial sale;
3. Refinance existing indebtedness, pay interest, or loan/grant finder's fees;
4. Pay any costs of a project where the median household income of the population to be served by the proposed facility is above the higher of the poverty line or 90 percent of the State nonmetropolitan median household income;
5. Pay project costs when other loan funding for the project is not at reasonable rates and terms;
6. Pay costs to construct facilities to be used for commercial rental unless it is a minor part of total facility;
7. Construct facilities primarily for the purpose of housing State, Federal, or quasi-Federal agencies;
8. Finance facilities which are not modest in size, design, and cost; and
9. Pay for any purposes restricted by RD Instruction 1942-A 1942.17 (d) (2).

How Are Applications Processed?

Applicants will be required to submit supporting data before formal application is made. After determining the order of funding priorities, the agency will tentatively determine eligibility and request applicants to assemble and submit formal applications. See “What are the Funding Priorities?”

Grant Closings And Disbursement Of Funds

If grants are authorized in combination with the CF direct and guaranteed loan programs, loans and grants will be closed simultaneously after determining applicable administrative actions and work required of the applicant have been completed. All borrower funds and other CF financial assistance (direct or guaranteed funds) must be expended before grant funds are made available. Grant funds will not be disbursed from the Treasury until they are actually needed by the applicant.

Where Is Application Made?

Information and applications are available through local USDA Rural Development Offices or from the USDA Rural Development State Office at:

USDA Rural Development
Attn: Community Programs Division
Federal Building, Room 152
100 Centennial Mall North
Lincoln, NE 68508-3888
Phone: (402) 437-5556 (voice)
(402) 437-5093 (TDD)

National Office Web site: <http://www.rurdev.usda.gov/rhs>
Nebraska Rural Development Web site: <http://www.rurdev.usda.gov/ne>
Nebraska State Office Telephone Number: (402) 437-5551
Nebraska State Office Facsimile Number: (402) 437-5408
Nebraska State Office TDD Number: (402) 437-5093

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Rural Development - Rural Housing Programs
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